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Sen. Patricia Miller, Chairperson
Sen. Ryan Mishler
Sen. Vaneta Becker
Sen. Edward Charbonneau
Sen. Beverly Gard
Sen. Jean Leising
Sen. Carlin Yoder
Sen. Sue Errington
Sen. Jean Breaux
Sen. Earline Rogers
Sen. Vi Simpson
Rep. Charlie Brown, Vice-Chairperson
Rep. Peggy Welch
Rep. John Day
Rep. Craig Fry
Rep. Charles Moseley
Rep. Win Moses
Rep. Scott Reske
Rep. Timothy Brown
Rep. Richard Dodge
Rep. David Frizzell
Rep. Don Lehe
Rep. Eric Turner



HEALTH FINANCE COMMISSION

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Authority: IC 2-5-23

MEETING MINUTES¹

Meeting Date: September 1, 2009
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Patricia Miller, Chairperson; Sen. Ryan Mishler; Sen. Vaneta Becker; Sen. Edward Charbonneau; Sen. Beverly Gard; Sen. Jean Leising; Sen. Carlin Yoder; Sen. Sue Errington; Sen. Jean Breaux; Sen. Vi Simpson; Rep. Charlie Brown, Vice-Chairperson; Rep. John Day; Rep. Charles Moseley; Rep. Win Moses; Rep. Scott Reske; Rep. Richard Dodge; Rep. Eric Turner.

Members Absent: Sen. Earline Rogers; Rep. Peggy Welch; Rep. Craig Fry; Rep. Timothy Brown; Rep. David Frizzell; Rep. Don Lehe.

Chairperson Miller called the meeting to order at 10:05 a.m.

H1N1 influenza update

State Health Commissioner Dr. Judith Monroe provided the Commission with a power point presentation on the 2009 H1N1 influenza. See Exhibit 1. Dr. Monroe stated that there has been no evidence that the virus has mutated and that the clinical picture of the pandemic is consistent worldwide. The federal Centers for Disease Control and Prevention (CDC) has categorized the H1N1 influenza as a Category 1 on the pandemic severity index, the lowest category. Less than 90,000 deaths are projected for the year (in comparison to regular influenza which kills 36,000 per year). The H1N1 influenza is the predominate influenza virus in

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

the world right now, crowding out other influenza viruses. The Indiana State Department of Health's (DOH) policy for the H1N1 influenza while it is in Category 1 is to keep schools open, but ask sick students to stay home. This policy may change if the CDC raises the pandemic Category. Dr. Monroe estimated that there are over 6,000 infected individuals in Indiana. Seventy-four percent of the Indiana patients infected are eighteen and under. Indiana has had four deaths from H1N1 influenza.

Dr. Monroe stated that the clinical features of H1N1 influenza are fever, cough, sore throat, and some individuals have also experienced nausea, vomiting, and diarrhea. The incubation period is two to seven days with viral shedding occurring one day before to seven days after the onset of symptoms. Indiana should receive its first shipment of vaccines for the H1N1 influenza in mid-October. Dr. Monroe said that Indiana will receive 834,000 doses in the first shipment with 400,000 doses of the vaccine weekly until 192 million doses are distributed. Dr. Monroe testified that the target groups for receipt of the vaccine include: pregnant women, household contacts of babies under six months old, healthcare and emergency medical services personnel, children and young people up to 24 years old, and people between 25 and 64 who have chronic medical conditions. This target group would be narrowed if a shortage of the vaccine occurs. Dr. Monroe informed the Commission that anti-viral drugs may also be used and Indiana has a stockpiled supply of these drugs. Dr. Monroe stated that Indiana hospitals have plans in place for the treatment, triage, and vaccination of the H1N1 influenza. Dr. Monroe commented that DOH has been working closely with hospitals and local health officials.

Dr. Monroe stated that the public can help prevent the spread of the virus by washing hands frequently and using proper cough and sneeze etiquette. DOH will be establishing public service announcements and manning call lines for providers and the public to obtain information on H1N1 influenza.

Immunization update

Dr. Joan Duwve, DOH, stated that DOH and the Department of Education have been working to accomplish administrative rules that would update the immunizations required for school children to include additional immunizations recommended by the CDC: meningitis, pertussis, and varicella. The rule promulgation process started in December, 2008. In March 2009, the proposed rules were presented to the DOH board. A public meeting was held in August, 2009, and the final hearing will be next week. Dr. Duwve stated that school principals and school nurses have been contacted and provided with materials about the changes. These immunizations will be required next year and DOH has received federal stimulus money for adolescent vaccines to assist those students who are not able to afford the immunizations.

Federal grant update

Brian Carnes, Legislative Director, DOH, provided the Commission with a list of federal grants DOH receives. See Exhibit 2. DOH receives \$200 million in federal dollars, two thirds of the DOH's budget. Upon request by Commission members, Mr. Carnes agreed to provide more information to the Commission members on how the federal grants are distributed.

Independent third party appeals of pharmacy audits

Mr. Nathan Gabhart, of William Brothers Pharmacy in Washington, Indiana, stated that legislation passed last session that changed the pharmacy auditing process and these changes did not take effect until July 1, 2009. Because no audits have been performed under the new law, Mr. Gabhart suggested that the independent third party appeal issue be delayed until there is a chance to review audits that have occurred under the new law.

Ms. Claudia Tucker, Senior Director of Government Affairs, Medco, informed the Commission that her company will be the state employees' pharmacy benefit manager beginning January 1, 2010. Ms. Tucker stated that audits are performed to ensure that both public and private sector dollars are being spent wisely and that each participating pharmacy is given a manual that describes the auditing process and how to appeal a finding. Ms. Tucker stated that the auditing and appeal of an audit process are part of the contractual arrangement between the pharmacy benefit manager and the pharmacy. Ms. Tucker does not support a third party appeal process and has many questions about how a third party appeal process would work.

Insurance reimbursement and assignment of benefits

Ms. Pat McGuffey, representing the Indiana State Chiropractic Association and the Indiana Psychological Association, stated that both associations support assignment of benefits. The current reimbursement process for out-of-network providers is a cumbersome administrative problem. Ms. McGuffey stated that practices are filing for bankruptcy because the practices are only recovering fifty percent of what is owed by patients. See Exhibit 3.

Mr. Rick Lantz, Delta Dental, stated that around 63% of Indiana's dentists are in Delta Dental Indiana's network. Mr. Lantz provided the Commission with sample benefit summaries, showing the difference in reimbursement depending on the type of provider. See Exhibit 4. In response to a Commission member's question about a specific Delta Dental contract, Mr. Lantz stated that the employer being referred to chose to offer employees a plan that provides zero reimbursement if the employee sees a dentist that is out-of-network. However, Mr. Lantz stated that the employer also offered its employees a second more expensive premium plan that provides reimbursement for out-of-network visits.

Dr. John Roberts, representing the Indiana Dental Association and who has a dental practice in Connersville, Indiana, supports assignment of benefits and stated that prohibiting assignment of benefits is an attempt to force dentists into joining networks at a low reimbursement rate. Dr. Roberts stated that the current process is a hassle to the patient and intrusive on administering a dental practice. In response to questions by Commission members, Dr. Roberts stated that he wants only to get paid for services provided and that he balance bills for the remainder of charges not reimbursed by an insurance company. See Exhibit 5.

Ms. Anne Doran, representing America's Health Insurance Plans (AHIP), stated that the economy is bad, medical inflation continues at ten percent, and people are looking at managed care to help insulate them from medical inflation. Ms. Doran told the Commission that the assignment of benefits issue is about ensuring an insurer's ability to manage care through using direct billing and is not about issuing a check to a provider. Ms. Doran commented that House Enrolled Act 1300 from last session required additional notices to patients from insurers on how the reimbursement check is to be paid when the check is sent to the insured. Ms. Doran informed the Commission that this notice requirement has been very expensive for insurers to implement and is required beginning October 1, 2009. Ms. Doran stated that AHIP conducted a survey that reviews the charges billed by out-of-network providers. See Exhibit 6. Ms. Doran stated that the survey reflects that staying in network protects a patient from high costs and balance billing. In response to questions by Commission members on the survey and the survey's comparison of out-of-network rates to Medicare fees and out-of-network rates, Ms. Doran stated that this information is proprietary information and antitrust laws prohibit fixing rates. In response to a question from a Commission member on making the check out to both the insured and the provider, Ms. Doran stated that she is opposed to this because of the cost and she said that the state of Washington tried this approach and repealed the law because of the difficulty of the requirement.

Mr. David Wulf, an employer and the Chairman of the Indiana Chamber of Commerce's Health Care Policy Committee, stated that he does not support assignment of benefits, testifying that assignment of benefits would weaken a health care network and its ability to negotiate on behalf of employers. See Exhibit 7. Mr. Wulf stated that a provider should be responsible for collecting payment for services just like businesses have to account for receivables.

Mr. Ed Roberts, representing the Indiana Manufacturer's Association, stated that he is opposed to assignment of benefits because of its effect on contractual agreements.

Mr. Joe Breedlove, representing the AFL-CIO, stated that his organization opposes assignment of benefits. Mr. Breedlove stated that networks save millions of dollars in insurance premiums and that allowing direct payment to out-of-network providers would increase costs.

Mr. Mike Rinebold, representing Indiana State Medical Association, stated that his Association supports assignment of benefits and informed the Commission that Florida passed legislation to allow for assignment of benefits in July, 2009. Mr. Rinebold further informed the Commission that twenty other states have a version of assignment of benefits. Mr. Rinebold stated that last session, a compromise was offered to include a circuit breaker that would stop assignment of benefits after two years if there is evidence that doctors left networks as a result of assignment of benefits or if a lot of money is lost but that this compromise was rejected by opponents of the bill last session. Mr. Rinebold recited statistics to the Commission of a study performed by Kaiser Family Foundation on premium increases. See Exhibit 8. Mr. Rinebold stated that there is a need for premium transparency.

Chairperson Miller stated that the Commission's next meeting would be on September 29, 2009 unless it is determined that the Commission's budget will not cover four meetings. The meeting was adjourned at 12:50 p.m.